



BLUEWOLF

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September 28, 2014

Mr. Andrew Turnbull
Managing Director
Houlihan Lokey
123 North Wacker Drive
Chicago, IL 60606

Dear Andrew:

I write in response to your letter of September 23rd, Ropes & Gray's September 25th mark-up of our September 12th draft of the Restructuring, Conversion and Disaffiliation Agreement ("RCDA"), and your conversation on September 27th with our financial advisor Ron Boom.

We understand that the DCHS Board will be meeting on October 3rd to make a decision about how to move forward with the restructuring of DCHS. We therefore wanted to take this opportunity to provide the Board with our best offer as to how we can assist them in this matter.

While we will not dwell on it again here, we remind the Board, as we have previously stated in our September 12 letter (i.e., as part of our offer package) and other communications, of our fundamental commitment to have the DCHS hospitals continue both the vital role they play in providing high-quality health care to underserved communities and to provide good jobs and promised pensions to their employees and retirees, and of the extraordinary individuals who will be leading our effort; we assume that that material has already been provided to the Board.

We would like to highlight an extremely significant and positive change in our offer regarding the Daughters providing financial assistance to the Hospital System as a part of the transaction. As you can see in the attached revised draft of the Restructuring, Conversion and Disaffiliation Agreement, our revised working capital target is now designed to eliminate any contribution requirement from the Daughters. It also takes into the account all of the transaction and related fees that you scheduled in your letter of September 23rd.

You will also note that we have accommodated and addressed most of the other material issues you raised, including agreeing that the new Board would act to authorize the Management Services Agreement and the purchase option/asset purchase agreement, the commitment regarding \$300 million of capital improvements over 5 years and additional commitments as to the existing workforce. You will note that while we have retained our



proposal for continuing the church group exemption for a bridge period after the close of the transaction, we do not believe that the requirements to continue this exemption should be burdensome on the Daughters or expose them to ongoing risk, and we've modified the language to remove any elements that might be construed as presenting such issues. We would be happy to have further discussions between counsel on this point to the extent that is useful to you.

Please be assured that none of these changes in any way come at the expense of our commitments to the mission and employees nor to the long-term viability of these great hospitals.

We trust we have now addressed completely the select issues that needed resolution, and we hope that we can now quickly move to complete definitive documentation.

Please contact either myself or Ron Bloom if you wish to discuss this further.

Sincerely,

BLUE WOLF CAPITAL FUND III, L.P.

By: Blue Wolf Capital Advisors III, L.P.
Its: General Partner

By: Blue Wolf Capital Advisors III, LLC
Its: General Partner

By:

A handwritten signature in blue ink, appearing to read 'Adam Blumenthal'. The signature is fluid and cursive, with the first name 'Adam' being more prominent than the last name 'Blumenthal'.

Adam Blumenthal
Managing Partner